

**USAID/Jordan**

**Annual Report**

**FY 2004**

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## **Please Note:**

The attached RESULTS INFORMATION is from the FY 2004 Annual Report and was assembled and analyzed by the country or USAID operating unit identified on the cover page.

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## **Jordan**

### **Performance:**

#### **Background**

Jordan plays a pivotal role in promoting Middle East stability, combating terrorism and serving as a model of reform. This reform - both economic and political - is led by His Majesty King Abdullah II to improve the quality of life of all Jordanians. His Majesty is also striving to reach peaceful solutions to the region's many challenges. This leadership and the central role Jordan plays in the region makes the Kingdom a key ally of the United States.

The Jordanian government's Social and Economic Transformation Plan focuses on economic reform and private sector development, education, political reforms, health care reforms, and other issues. The Government would like donors to provide major funding for this plan.

#### **Challenges**

Jordan faces several unique challenges, which impact greatly on its ability to reach its development and reform goals. First, Jordan has one of the highest fertility rates in the region, posing serious challenges for economic growth, environmental sustainability, and overall stability. Jordan's high population growth rate strains its natural resource base (especially water) and the natural environment as well as requires the generation of thousands of new jobs. Second, Jordan is a country poor in natural resources. Most seriously, Jordan is one of the ten most water deprived countries in the world. This severe shortage represents a daunting challenge to industrial growth, agricultural development, and citizen well-being. Third, at least 15, and possibly up to 30 percent of Jordanians live below the poverty line, set at a meager \$439 annual income level. Further, while unemployment is officially estimated to be about 15 percent, underemployment and lack of marketable job skills among entrants into the workforce are equally serious problems. Fourth, Jordan's educational system does not prepare its citizens for the needs of the workplace. Finally, the Government of Jordan faces governance challenges. In this regard, the Mission's 2003 democracy assessment identified three areas to improve governance in the Kingdom.

#### **Key Achievements**

USAID/Jordan this year has been active throughout the Kingdom in water, creation of jobs, health and family planning, education and civil society. In each area, both individual Jordanians and key Jordanian institutions have benefited from our cooperation.

In the health and population areas, USAID assistance contributed significantly to a decline of .07 births in total fertility and a decline in infant mortality from 29 to 26.4 between 1998 and 2003. Modern contraceptive methods discontinuation also declined from 49 to 42 percent and birth spacing trends improved as short birth intervals, less than 24 months, dropped from 44 to 34 percent over the same period. Most of those achievements can be attributed to increased access to services, better counseling and specific information about correct methods that clients receive through USAID programs.

Also in the health sector, quality improvements in primary health centers/clinics (PHCs) soared. 137 clinics achieved the minimum quality standards per their performance monitoring indicators, surpassing expectations by 85 percent. Renovation of 98 PHCs was completed as was the furnishing and equipping of 74 clinics. 147 PHCs received quality assurance packages, while 170 are using the new computerized data application. 75 percent of service providers were trained, exceeding the target by seven percent. The renovation of the remaining clinics has been underway since October 2002. Due to vigorous

emphasis on reproductive health training for female physicians and midwives to improve family planning services, and counseling to increase the stagnant Couple Years Protection (CYP) indicator, this year a CYP of 62,882 was achieved, exceeding expectations.

The water portfolio also realized significant achievements this year. Activities in this portfolio are designed to improve Jordan's ability to manage its water resources wisely and more efficiently to improve demand management, resource protection, decision-making efficiency and transparency, and constructing or improving water and wastewater facilities directly impacting over four million Jordanians. This approach both helps support regional stability by preventing conflict and enhances overall economic prospects and quality of life in Jordan. Construction activities in the water portfolio realized good progress. In Aqaba, a contract was signed to rehabilitate and expand wastewater treatment for the city up to the year 2020. Contracting is also underway for a rehabilitation of Aqaba's potable water distribution system. In Amman, the Zara Ma'in Water Supply project was awarded in September. This project will increase potable supplies by 40 percent in the capital. The As-Samra Build Operate and Transfer (BOT) financial agreement for wastewater treatment of 60 million cubic meters per year was signed in December 2003. This contract is Jordan's first private sector BOT, with 50 percent private sector and public sector financing and private sector operation for a 25-year period from award date. USAID's component of the multi-donor rehabilitation of Amman's potable water distribution system is on schedule with 40 percent of the construction completed to date. Contracting for another construction contract is ongoing for a new wastewater treatment plant in Mafraq.

USAID also supports water initiatives in Jordan with other sharply targeted interventions. USAID is establishing Jordan's first public company for Aqaba's water utility with registration in December along with Assignment and Development Rights Agreements between Aqaba Special Economic Zone Authority (ASEZA) and the Ministry of Water and Irrigation (MWI). The Mission is strengthening Amman water projects by auditing all five donors' construction contracts and also auditing Jordan's first management contract for Amman's water utility operations, which is funded jointly by the World Bank and the European Union. USAID held a seminar on public sector participation (PSP) in September that was instrumental in organizing MWI's countrywide PSP efforts on two tracks, namely management contracts and public companies. Following up on USAID's Strategic Plan for the Jordan Valley Authority recently approved by the Jordanian Government, technical assistance is being provided for improved management and operation efficiency of the Jordan Valley irrigation system.

Under the economic opportunities program, activities both directly and indirectly target the creation of jobs for Jordanians through legislative and policy reform to attract more domestic and foreign investment, microfinance, trade, poverty alleviation, e-government, e-learning and a policy-based cash transfer. USAID is the lead donor in this overall area, but partners with the World Bank in the field of privatization. In more specific terms, private sector growth has continued unabated. The percent increase in companies registered grew at the same rate as last year at four percent, compared to expectations of two percent. USAID activities contributed to this rise. Specifically, advances in business registration, standardized procedures, and a new Free Trade Agreement and Qualified Industrial Zone opportunities improved the business environment. Also, work in Aqaba to develop a model for conducting business through local government there demonstrates how the public sector can support the private sector to increase overall economic growth.

The AMIR Program furthers economic growth in Jordan through a wide range of assistance designed both to provide more equitable access to economic development by all Jordanians and to create a world-class equitable environment which supports business activities in Jordan. AMIR is currently helping to establish an American-style business school in Amman to be partnered with a top-ranking business school in the United States. AMIR has also been instrumental in assisting micro-, small- and medium-sized enterprises to become more competitive and profitable while, at the same time, addressing the needs of the market as well. By the end of October 2003, AMIR's microfinance activities had yielded 16,181 active borrowers in four microfinance institutions (MFIs) and the complete financial and operational sustainability of one of the four USAID-supported MFIs. This effort has changed the lives of thousands of Jordanians, especially women, who account for 82 percent of all clients, and families. Additionally, in anticipation of the ongoing transition into the next strategy period, AMIR began ramping up

its linkages and business development services activities.

AMIR is active in other areas. To ensure that the government is responsive to the needs of its citizens and the private sector, AMIR continues to provide assistance to the GOJ to implement its comprehensive e-government initiative. AMIR also supports policy reform through its trade access improvement work with both the Ministry of Industry and Trade and the Customs Department. This support will help the Ministry have better access to timely information required for making trade policy decisions, and will improve the effectiveness of the Customs Department, which was one of the greatest obstacles to trade identified by Jordan's trading community.

In education, progress has also been realized. Under the Adolescent Knowledge and Development activity with UNICEF, an agreement has been signed between UNICEF and the Ministry of Education to start extracurricular activities on life skills in 100 schools, and generic basic life skills in 20 schools. The agreement also included integration of life skills activities in school curricula for grades 7-11. USAID/Jordan has assisted the Fulbright Commission to expand educational opportunities for Jordanian students through a local currency endowment of \$7 million.

To address governance challenges in the Kingdom, an Inter-Agency Agreement signed with Embassy/Amman Public Affairs Office has promoted leadership among youth through organizing a "Summer Camp for Talented Students" in the United States for 12 students from Jordanian public schools. Support was also provided for a two-week program highlighting civic involvement in the United States for 20 youth leaders from Jordanian universities. This activity also promoted civic education by supporting the translation and adaptation of civic education materials for Jordanian schools. Support under this Agreement was also instrumental in establishing an Election Phone Center at the Jordanian National Commission for Women to help the election efforts of women candidates for Parliament.

To address concerns regarding the impact of the war in Iraq on Jordan, the Mission obligated emergency assistance to the GOJ to cover budgetary shortfalls due to the war. This assistance directly aided the GOJ in meeting budgetary needs due to revenue shortfall and negative impacts on the transportation, industrial and tourism sectors.

The Mission also strongly supported public-private partnerships under the Global Development Alliance Program. USAID/Jordan closely cooperates with many private sector partners in GDA-like efforts. While none of these current activities meet all of the GDA criteria, the As Samra Wastewater Treatment Facility effort leveraging \$22 million in private sector partner funds, the INJAZ (Junior Achievement) effort leveraging \$500,000 from the Jordanian private sector, and components of the multi-sectored AMIR project leveraging over \$300,000 in private sector funds, meet all GDA criteria except for the funding match. As we look forward, USAID/Jordan plans to continue to develop alliances with private sector partners throughout the implementation of its new country strategy. The GDA business model is appropriate for the current stage of development in Jordan and the corresponding growth in interest of both domestic and international firms to further develop Jordan for their and the Kingdom's future success.

Gender issues are of particular concern to ensure that opportunities exist for men and women to participate more broadly in the economy and engage their government in transparent two-way communication. We are expanding these opportunities through more emphasis on governance and civil society activities. Also, current activities promote improvements to Jordanian Government primary health clinics in cooperation with the Ministry of Health and target women providers of reproductive health care to assist women clients addressing gender issues. Additionally, expanding microfinance programs and implementing e-government and e-learning initiatives will also contribute to greater gender equity. Finally, the Mission completed a gender analysis in 2003 in support of the development of the new country strategy.

All USAID/Jordan activities contribute indirectly to the Conflict Mitigation Pillar. By assisting the Jordanian Government in the water sector, social development sector, and the economic opportunities sector, USAID/Jordan is helping mitigate the possibility of serious conflict.

USAID/Jordan has no activity that contributes to the Global Climate Change Program.

**Country Close and Graduation:**

None

## **Results Framework**

- 278-002 Improved Water Resources Management**
- 278-003 Improved Quality of Life for Jordanian Families and Communities**
- 278-005 Increased Economic Opportunities for Jordanians**
- 278-007 Emergency Assistance to Jordan Special Objective**
- 278-008 Enhanced Integrated Water Resources Management**
  - IR No.1** Improved Environmental Protection
  - IR No.2** Optimization of Water Resources
  - IR No.3** Strengthened Water Policies and Systems
  - IR No.4** Improved Resources Allocation
- 278-009 Improved Social Sector Development and Governance**
  - IR No. 3** Improved Governance and Expanded Civic Participation
  - IR No. 1** Improved Health Status for All Jordanians
  - IR No. 2** Improved Education and Life Skills
- 278-010 Improved Economic Opportunities for Jordanians**
  - IR No.1** Transparent, Efficient and Responsive Public Sector
  - IR No.2** More Effective Policy and Regulatory Reform
  - IR No.3** Increased Depth of Private Sector Growth
- 278-011 Cash Transfer Assistance to Jordan**